

MARTIN KALIN



February 10, 2025

Honorable John G. Koeltl
Daniel Patrick Moynihan
United States Courthouse, Courtroom 14A
500 Pearl St.
New York, NY 10007-1312

Dear Judge Koeltl,

My name is Martin Kalin. I write to you regarding the sentencing of Alex Mashinsky, a man whose actions have led to financial hardship for some, myself included. While I understand and respect the necessity of justice, I also believe that Mr. Mashinsky's full character should be considered in determining his sentence. I was introduced to Alex Mashinsky in November of 2017. My understanding is that I was one of the first subscribers to the Celsius ICO. Because Celsius froze withdrawals in 2022 and because of the bankruptcy, I lost money. In addition to myself, my son obtained a loan from Celsius using Bitcoin as collateral. When he got paid from the bankruptcy process, his collateral was valued at a much lower price than it should have been and he lost money. I also have a very good friend that lost \$5,300,000 from the events that occurred regarding Celsius.

Despite the fact that my son, my friend and I lost money, I am not angry at Mr. Mashinsky because I don't hold him responsible for fraud or intent to defraud. Crypto is a new industry. I was fully aware of the risks when I purchased CEL tokens. While commercial banks are FDIC insured, Celsius, which was the first crypto bank as far as I know with up to \$32bn in assets, was not FDIC insured. There is a movement to find alternatives to traditional banks. Mr. Mashinsky was one of the leaders of that movement. Mashinsky was trying to innovate and try new financial models which I wanted to support and succeed. I felt like I seeded the next big thing.

In my opinion, Mr. Mashinsky is a great entrepreneur and visionary. In only a few years he built a "crypto bank" with \$32 billion in assets. That's extraordinary. I know the attitude of most crypto deposit holders since I'm one of them. I highly doubt that most solely relied on Mr. Mashinsky's representations. I personally knew the risks and I'm confident that most borrowers, deposit holders and stakeholders knew the risks and the volatility of cryptocurrency as well. I heard Mashinsky say many times to the community to diversify and not hold more than about 20% in crypto and divide it into multiple assets. If anyone claims they lost all their money it's because they did not listen to Mr. Mashinsky advise to be diversified.

It's my opinion that negative market events such as the precipitous drop of the Bitcoin price is largely responsible for the losses that were incurred. Cryptocurrency is highly volatile. The Bitcoin price, for example, has collapsed a number of times and then always recovered. When my son put up collateral and staked coins on the Celsius Network, I told my son there was a risk that there could be a "run on the bank", particularly a new crypto bank, because cryptocurrency is so volatile. Because of the risks, we kept most of our bitcoin in a hard wallet. We didn't risk all of it on one platform. Sometimes there's a perfect storm of events. Even Bear Stearns basically went under due to lack of liquidity. It can happen to any financial institution. Not everything can be anticipated. And even if some things could have been anticipated, Mr. Mashinsky had no bad intent.

Personally, I was disappointed when Mr. Mashinsky talked down the price of CEL and talked about him selling CEL on AMA's. Who wants a CEO to talk down a cryptocurrency? No one wants that. Cryptocurrency is different than stocks. No one really knows, for example, what Bitcoin or any other cryptocurrency is worth. There are no fundamentals with Bitcoin as it's backed by nothing. And yet, right now there are pundits out there predicting that Bitcoin will go from \$100,000 to \$500,000 or \$1,000,000 in some short period of time (i.e. 12 months.) One could reasonably argue that Bitcoin is worth zero even though it's trading above \$100,000 per token right now. If you ask Warren Buffett, he would probably say that the value of one Bitcoin token is worth zero. Can I hold Bitcoin pundits responsible if Bitcoin doesn't go to \$500,000 or a \$1,000,000? No, because I can't reasonably rely on what they're saying because there are no fundamentals that can give anyone any idea of underlying value. So no one can solely rely on what anyone says in the crypto industry whether they talk a token up in price or down in price or tell them to hold.

I understand that Mr. Mashinsky pleaded guilty to two misstatements, is sincerely remorseful and is now being held accountable. I understand justice has to be served and that there is a chance that he will serve prison time. I urge you not to give Mr. Mashinsky a long sentence and to find an alternative punishment where he can do good for society. Mashinsky came up with VOIP and put WiFi in the subways in NYC. Maybe he will invent something new instead of staring at bars.

Sam Bankman Fried stole \$8bn and was sentenced to 25 years. Alex Mashinsky plead to few small inaccuracies. Others complain that Mashinsky sold \$43 million dollars of Celsius token, from his total Celsius holdings, that was a very small percentage. With \$32 billion in crypto assets in the Celsius Bank, I was surprised that Mr. Mashinsky only sold \$43 million of his CEL tokens over 5 years. I know for most people \$43 million is a lot of money. It's certainly a lot of money to me. But in the context of the assets of the Celsius bank and the money that Sam Bankman-Fried took, it's a relatively very small amount. And unlike Sam Bankman-Fried, Mr. Mashinsky was not accused or pleaded guilty to theft or embezzlement.

I do not believe Mr. Mashinsky set out with malicious intent to harm people. Others might feel differently, and I do not diminish their feelings. But I would like to highlight again, another side of Mr. Mashinsky—the person who has, throughout his life, demonstrated innovation, generosity, and a commitment to his family and community.

Mr. Mashinsky has always been a visionary, someone who sought to challenge traditional financial systems and create new opportunities. His work in technology (i.e., voice over IP & 5G) and finance has, in some cases, helped people access resources they might not have otherwise had. Of course, with innovation comes responsibility, and it is clear that mistakes were made—mistakes that have had consequences. But I believe Mr. Mashinsky did not set out to defraud, but rather, got caught in the pressures and complexities of a fast evolving industry. And got very unlucky - as we all did - when the price of Bitcoin and technology stocks precipitously dropped causing a bank run. I can understand that during such events some of the holdings may not have been liquid and available for creditors.

Beyond his professional endeavors, Mr. Mashinsky is a devoted family man, a father and husband whose presence is deeply valued by his loved ones. His absence from their lives even for a short period of time would not punish him but also deprive his family of a supportive and loving figure and the financial support they may need. He has also, over the years, contributed to philanthropic efforts and supported various causes aimed at helping others.

I do not seek to excuse any wrongdoing, nor do I suggest that those who feel betrayed - rightfully or wrongly - should be ignored. Justice must be served. However, I respectfully ask that you consider the full picture. Not only the mistakes he made, but also the positive impact he has had on others. Also, it might be helpful to compare his actions with others. If there is room for leniency, I hope the court will consider a sentence that allows him to make amends, to contribute positively to society in the future, and to continue being a father and husband.

Thank you for your time and consideration.

Respectfully,



Martin Kalin
Former Cryptocurrency Deposit Holder